MRA Project Summary
MRA Board Meeting
May 8, 2026

Urban Renewal District: URD III

District Sunset Date: June 30, 2040

City Council Ward: 4

Name of Project: Midtown Commons

Project Location: Between Mary Avenue and Dixon Avenue, East of the Bitterroot Rail

Project Description: Multi-use development with between 200 and 300 new housing units and new public infrastructure improvements including a new public park and streets, sidewalks, boulevards, utilities, and trail connections.

Proposed TIF Investment: Initially, $10.9 million in TIF funds would be used to reimburse public infrastructure improvements. The developer has agreed to provide a $5 million infrastructure cost-sharing payment in installments as residential units are sold. The overall TIF investment is estimated to be approximately $5 million.

Board Action Requested: The MRA Board is being asked to endorse the terms of Purchase and Sale Agreements for two properties – Midtown Commons Property and Mary Avenue Property – and the Development Agreement for the Midtown Commons Project, and to forward a recommendation to City Council.

The Board also is being asked to approve up to $10.9 million in TIF funds from URD III to reimburse the developer for infrastructure improvements, with the understanding that if the current estimate is not adequate additional TIF funds may be requested.

Unique Public Purpose or Benefit: This project will provide 200 to 300 new homes to the community, addressing a critical need as the city experiences a housing crisis. The project also will provide a new public park in an area that is lacking park space, and will make critical street and sidewalk connections have been recommended for 20+ years

This public/private partnership between MRA and Miramonte Companies, LLC allows the City to further the goals of the URD III Plan, the Missoula Midtown Master Plan and the City's Strategic Plan.

M E M O R A N D U M

TO: MRA Board

FROM: Annette Marchesseault, RLA ARM
Sr. Redevelopment Project Manager

DATE: May 6, 2026

SUBJECT: **Midtown Commons Project Development (URD III/Ward 4) – Request to Approve TIF Funding and Recommendation for City Council Approval of Legal Documents**

This memo details requests for the MRA Board to endorse two Purchase and Sale Agreements and to approve a Development Agreement which includes a TIF funding request for the Midtown Commons (formerly Southgate Crossing) project. The Board's actions will be forwarded to City Council with recommendations.

Introduction

The property being considered for sale and redevelopment was purchased by the City in December 2024, with the express intent to assemble miscellaneous parcels then under separate ownership for redevelopment. The goal was to package these parcels and find a developer that could deliver a mixed-use development incorporating housing, commercial, a new neighborhood park, and important transportation and greenway connections. (See Exhibit 1) This request represents the culmination of the last 18 months of work to find a suitable developer and proposed project master plan. This project also represents a great return on community benefit for the amount of public investment. Under these agreements, the developer agrees to acquire the land for the same price the City paid, agrees to contribute the parkland back to the City, and partners to pay for approximately 50 percent of the infrastructure. Total City investment is expected to be approximately $5.9 million.

History & Background

The vacant property now known as Midtown Commons is located south of Southgate Mall. Between the mid-1950s and mid-1970s a sawmill was located on the northern part of the property. An irrigation ditch traversing the property was rerouted to accommodate sawmill

activities. When the sawmill was closed and dismantled in 1976, the site was left vacant. It has never been redeveloped despite several planning efforts.

There has been a series of plans developed over the last 20+ years including this area beginning with the Urban Renewal District III (URD III) Plan in 2000 and culminating with the Missoula Midtown Master Plan adopted in 2023. The URD III Plan, adopted when the district was created, identified blighting influences such as the transportation system's lack of connectivity, the lack of parks and public spaces, the need for a variety of housing types, and the existence of vacant and underutilized land. It also acknowledged that City acquisition of the property could be a necessary tool for effectively addressing blight in the district.

Shortly after URD III was created MRA engaged the Urban land Institute (ULI) to provide a more in-depth analysis of challenges and opportunities in the newly created district. "This is where the panel believes that the most intense development in Midtown Missoula should occur," the authors of that report wrote about this property. They envisioned mixed-use development with significantly improved connectivity. Over the next 20+ years a series of other plans recognized the property as a major opportunity if the land could be assembled into a comprehensive redevelopment, but none progressed beyond the conceptual stage.

The most recent and comprehensive planning effort to encompass the project area, the Midtown Master Plan, identified Midtown Commons as a transition area between Midtown Junction (the area adjacent to the Brooks, South, Russell intersection) and primarily residential areas to the east and west, envisioning a wide mix of uses, including residential, office, retail, manufacturing and restaurants along with street and trail connections and new park space.

One long-standing, significant challenge to redevelopment has been varied ownership. The land was subdivided into multiple parcels with platted streets and alleys, with multiple owners controlling the private property. When one of the private property owners made it clear in 2023 that they intended to sell their land, the City engaged the Missoula Economic Partnership (MEP) to bring the two remaining property owners to the table and negotiate a satisfactory deal for the City to purchase the entire property. Under City ownership, the City could partner with a compatible developer to achieve the multiple community goals that had been envisioned for 20+ years.

City Land Purchases and Developer Selection

Informed by this long history of planning, and with an opportunity to finally unlock the development potential of the vacant Midtown Commons property, MRA and the City, as outlined below, have moved decisively to: 1) complete acquisition of key properties; 2) lay the groundwork for acquisition of a final relevant property; and 3) negotiate a plan to sell the

properties and redevelop them to provide critical public benefits such as housing, transportation connectivity, and a new neighborhood park.

Property Purchase #1 – Midtown Commons (aka Southgate Crossing): At its October 31, 2024, meeting the MRA Board approved using $5.9 million (rounded) of TIF funds to purchase the 9.06 acres of private land at Midtown Commons. This property was crossed by a little over 4 acres of publicly owned right-of-way, so the purchase would give the City control over 13.2 contiguous acres of developable land in a key infill location in Midtown. At its November 18, 2024, meeting City Council authorized the Mayor to sign documents to purchase the property. The City took ownership of the property on December 13, 2024.

Property Purchase #2 – Mary Avenue Property: In late Summer 2025 Tollefson Properties LLC, the owner of a 2.3-acre parcel of property adjacent to the northwest corner of Midtown Commons, offered to sell the parcel to the City for $1.3 million. A subsequent appraisal of the land values it at $1.8 million. At its September 18, 2025, meeting the MRA Board approved using up to $50,000 of TIF funds to conduct due diligence on this property, and $1.3 million of TIF funds to purchase the property, pending City Council approval. Resolving issues related to some redevelopment restrictions held by former owners extended the due diligence period much longer than expected and, as a result, the property purchase request has not yet been submitted to City Council. The covenants issue was finally resolved last month. Staff is recommending a simultaneous City purchase and sale to the developer, described below.

Developer Selection – Upon acquiring the Midtown Commons property, the City engaged MEP to solicit development proposals. MEP prepared a detailed site brief that included community goals, planning history, project expectations, and available development tools, all of which was informed by public feedback gathered during the Midtown Master Planning process, and the Our Missoula 2045 Land Use Plan and Code Reform community engagement process. MEP vetted an extensive roster of interested developers and provided the City with a short list of qualified developers and facilitated interviews. Miramonte Companies LLC (Miramonte) submitted the development proposal that most closely aligned with the City's goals. On June 30, 2025, the City signed an Exclusive Negotiation Agreement (ENA) with Miramonte and began negotiating details.

Public Engagement – Multiple public engagement efforts as described above informed development goals for this area over the past 20+ years, with the most recent being the Midtown Master Plan adopted in 2023, which had public engagement at the forefront. MEP drafted its developer solicitation brief around the Master Plan's vision for this area.

When the ENA was in place with Miramonte the City introduced the development team and project concepts to the community at a public open house on October 22, 2025. Two Engage

Missoula pages, one for the overall development and one for the design of the public park, were established to provide project information and to solicit public input. Additionally, the Department of Parks and Recreation (Parks) conducted a series of public workshops and surveys, to ensure that the neighborhood could actively participate in the design of its park.

Proposed Next Steps – City Land Sale and Development Agreement

Staff is now requesting that the Board review the next steps in the redevelopment of Midtown Commons: 1) City Council consideration of the sale of Midtown Commons and the acquisition and sale of the Tollefson property to Miramonte; 2) MRA Board consideration of a Development Agreement and TIF funding for public infrastructure improvements at Midtown Commons.

Property Sale to the Developer – The City is proposing to sell both the Midtown Commons property and the Mary Avenue property to Miramonte for $7.2 million, the same price the City paid. (Midtown Commons – $5.9 million; Mary Avenue Property – $1.3 million). As described above, the City will request that City Council approve a simultaneous purchase and sale of the Mary Avenue property along with authorization of the sale of the Midtown Commons property.

Development Agreement – Miramonte will complete design and construction of the Midtown Commons Project and public infrastructure improvements consistent with the master plan as shown in Exhibit 2. The development includes 234 units in a mix of townhouses, for-sale condominiums, multi-family rental apartments, and single-family homes, four commercial buildings, new streets and sidewalks, a 1.6-acre public park, and pedestrian and bicycle connections to the Bitterroot Trail. Construction is expected to be completed in five phases over approximately seven years. The first phase would begin this summer. The entire development cost is estimated at approximately $100 million.

TIF Reimbursement for Public Infrastructure Improvements

TIF funds are being requested to reimburse Miramonte for the public infrastructure improvements in accordance with the URD III Plan, which includes streets, sidewalks, boulevard landscaping, utilities, the public park, and the trail connections. The total public infrastructure cost is estimated at approximately $10.9 million ($2.5 million for the park and $8.4 million for the remainder of the infrastructure). Construction is expected begin this summer with the initial reimbursement request being submitted in early FY27.

Developer Infrastructure Cost-Sharing Payment

In recognition of the City's contribution to the project Miramonte has agreed to provide the City a $5 million infrastructure cost-sharing payment, which will be paid in installments in connection with the sales of the residential units.

Synopsis of the Development Agreement

City Cost (TIF) for Land Purchase		
Southgate Crossing Property	($5,900,000)	
Mary Avenue Property	($1,300,000)	
	($7,200,000)	
City Cost (TIF) for Public Infrastructure Improvements		
Streets, sidewalks, utilities boulevard landscaping, etc.	($8,400,000)	estimated
Public Park	($2,500,000)	estimated
	($10,900,000)	estimated
City Revenue from Developer		
Land Payment	$7,200,000	
Developer Infrastructure Cost Sharing	$5,000,000	
	$12,200,000	
Total City (TIF) Cost		
Cost for Land Purchase	($7,200,000)	
Cost for Public Infrastructure Improvements	($10,900,000)	
Revenue from Developer	$12,200,000	
	($5,900,000)	estimated
Total Private Development Cost	($94,100,000)	estimated

The ratio of public (TIF) investment to private investment is approximately 1:16. As a general rule the recommended ratio between TIF funds and private investment is 1:10 or more.

Public Benefit

The Midtown Commons project is an infill development that will provide 234 units of new housing in a key location with existing services, employment, and commercial offerings nearby. The mix of housing types will include townhouses, condominiums, multi-family apartments and single-family homes. Some new commercial and office spaces are also tentatively included, further strengthening the area's economic base and employment opportunities.

The new development will also provide critical street and sidewalk connections that have been recommended for more than 20 years, most notably the north/south connection of Johnson Street between South Avenue and Dixon Avenue and ultimately to Brooks Street. New trail connections to the Bitterroot Trail will open up safe and convenient pedestrian and bicycle routes for current and new neighborhood residents.

A new complete public park will provide recreational amenities in a location recommended both in the Midtown Master Plan and the City's Parks Recreation Open Space and Trails (PROST) plan.

The City will be investing approximately $5 million to achieve an approximately $100 million development. Land that has been vacant and providing nominal tax revenue for more than 50 years will yield significantly more tax revenue, in addition to providing much needed housing and resolving urban design challenges.

Request for TIF Commitment

As described above the City is proposing to commit TIF funds to reimburse Miramonte for the cost of the public infrastructure improvements, which may be constructed in two phases. The design for the first phase of infrastructure work adjacent to the townhouses on Harve Avenue is sufficiently far enough along to provide a good estimate, with adequate contingency for the unexpected. The second phase of infrastructure work is still in the schematic phase making it harder to estimate at this point.

Staff is recommending that the MRA Board approve TIF funds to reimburse infrastructure improvements at the estimated amount of $10.9 million, with the understanding that if the current cost estimate is not adequate, additional TIF funding could be requested.

URD III Financial Capacity

There is more than adequate capacity in URD III. As of last month's financial reports the District had approximately $2.9 million in unobligated funds and FY26 revenues exceeded $8.3 million. The District's FY27 revenues can be expected to be as much or more than FY26. Reimbursement requests are expected to begin in the beginning of FY27 and extend into FY28.

The District also has a significant amount of bonding capacity. Depending on the impact of future remittances on URD III and how the Franklin Crossing development moves forward, this project could potentially be funded without issuing bonds. However, if that becomes necessary, the capacity is there without jeopardizing any known opportunities.

RECOMMENDATION: Staff recommends that the MRA Board endorse the terms of the Purchase and Sale Agreements for the Midtown Commons Property and for the Mary Avenue Property and the Development Agreement for the Midtown Commons Project and direct staff to forward a recommendation to the City Council that they approve the agreements and the sale of approximately 15.5 acres of City-owned land located in Urban Renewal District III.

Staff further recommends that the MRA Board approve up to $10.9 million in TIF funds from URD III to reimburse infrastructure improvements work, with the understanding that if the current estimate is not adequate, additional TIF funding may be requested, and authorize the Board Chair to sign all necessary documents.

MISSOULA
OFFICE OF THE MAYOR
435 RYMAN MISSOULA, MONTANA 59802-4297 (406) 552-6001

November 18, 2024

Dear Council Members,

I am writing to request your approval of the City's purchase of the Southgate Crossing property, a strategic acquisition that aligns with our collective vision for Midtown Missoula. The Missoula Redevelopment Agency (MRA) has approved this purchase, which presents a significant opportunity to transform this long-vacant 13.5-acre site into a vibrant, community-oriented development.

Key Details:

- **Purchase Price:** The agreed purchase price is $15 per square foot, totaling approximately $5.9 million—below the appraised values of $16.47 per square foot "As-Is" and $21.03 per square foot with entitlements. This favorable price reflects a generous contribution from the sellers.
- **Due Diligence:** Comprehensive assessments, including environmental reviews and title examinations, confirmed no significant environmental risks and clear property boundaries, ensuring a sound investment for the City.
- **Planned Redevelopment:** Acquiring this property allows the City to engage in a public process to master plan the site, achieving community-identified goals such as affordable housing, mixed-use commercial spaces, public parks, and enhanced transit connectivity. These initiatives are in alignment with the 2023 Midtown Missoula Master Plan.

This acquisition is funded through the City's Tax Increment Financing (TIF) tool within Urban Renewal District III. With your approval, we can move forward to finalize the purchase and begin the collaborative planning process with our community partners.

This transformative project is a major goal for me and for the City's Administration. Thank you for your thoughtful consideration.

I regret being unable to be with you tonight. I am the keynote speaker at the Burton K. Wheeler Center for Public Policy's Montana Housing Crisis Summit in Bozeman. I wish you a productive meeting.

Andrea Davis
Mayor

EXHIBIT 2

MIDTOWN COMMONS MASTER PLAN

Midtown Commons Master Plan